



## CYCLE & CARRIAGE BINTANG BERHAD

### Quarterly Announcement for the financial year ended 31st December 2019

#### Highlights

- Vehicle unit sales 29% lower
- Impairment loss recognised for Sungai Besi site
- Disposal of investment in Mercedes-Benz Malaysia Sdn. Bhd. ("MBM") completed
- Recognition of final tranche of MBM dividend

"Trading conditions will remain challenging in the year ahead. The compounding effect of the current covid-19 virus on an already subdued economic environment, is expected to exacerbate the softening demand and pressure on margins in the automotive retailing segment of the premium luxury market. The Group remains committed to its business improvement strategy."

#### Eric Chan

Chairman

27th February 2020

#### Results

	Year ended 31st December		
	2019	Restated† 2018	Change
	RMm	RMm	%
Revenue	1,143.3	1,513.3	-24
Net (loss)/profit:			
(a) Mercedes-Benz operations	(34.7)	9.1	nm
(b) Other losses - impairment loss on right-of-use assets	(27.0)	-	100
(c) Dividend income	22.5	11.2	100
	(39.2)	20.3	nm
Net (loss)/profit attributable to shareholders	(39.2)	20.3	nm
	Sen	Sen	
(Loss)/Profit per share	(39)	20	nm
	As at 31.12.2019	As at 31.12.2018	
	RMm	RMm	
		Restated	
Shareholders' funds	249.1	288.3	-14
	RM	RM	
Net asset per share	2.47	2.86	-14

The results for the financial years ended 31st December 2019 and 31st December 2018 were audited.

† The accounts have been restated due to changes in accounting policies upon adoption of MFRS 16 Leases, as set out in Note 1 to the condensed consolidated interim financial statements.

nm – not meaningful

## **CYCLE & CARRIAGE BINTANG BERHAD**

### **Quarterly Announcement for the financial year ended 31st December 2019**

#### **Overview**

The Group faced a challenging year as competition intensified. This was compounded as a result of the softening demand in the premium luxury segment of the automotive industry, leading to significant reductions in unit sales and earnings.

#### **Performance**

The Group's revenue for the year ended 31st December 2019 decreased by 24% to RM1,143.3 million.

The Group's Mercedes-Benz operations faced intense competition during the year and recorded a net loss of RM34.7 million, compared to a net profit of RM9.1 million in the prior year. In 2018, the Group's results benefited from insurance compensation of RM9.8 million for damages suffered as a result of floods in Penang and higher sales due to the zero rate of GST from June to August 2018.

In 2019, unit sales were 29% lower and margins were reduced, due to a shift in sales mix to lower-priced models and weak consumer demand. However, the Group's after-sales division continued to perform well, as it delivered increased throughput volumes.

Following our earlier announcement on the cancellation of construction on Sungai Besi site on 1 November 2019, a business review was conducted by the Company and a valuation was performed by a registered valuer. This resulted in the recognition of an impairment loss of RM27.0 million in the current quarter.

The Group has recognised the RM11.2 million final tranche of dividend from MBM and will cease to be entitled to further dividend income upon completion of the transaction. This final dividend will be utilized for working capital requirements.

Overall, 2019's sales volume declined resulted in a net loss of RM39.2 million, compared to a net profit of RM20.3 million in 2018, after accounting for dividend income of RM22.5 million from the Group's investment in MBM and the impairment loss of RM27.0 million on the Sungai Besi site.

The Group's net debt decreased from RM235.8 million at the end of 2018 to RM201.8 million at the end of 2019.

The Board has not declared a dividend for the financial year ended 31st December 2019 (2018: Nil).

#### **People**

I would like to thank the management team and our staff for their dedication and hard work during this difficult period. I also wish to thank our customers, shareholders and business partners for their continued support.

**CYCLE & CARRIAGE BINTANG BERHAD**

**Quarterly Announcement for the financial year ended 31st December 2019**

**Prospects**

Trading conditions will remain challenging in the year ahead. The compounding effect of the current covid-19 virus on an already subdued economic environment, is expected to exacerbate the softening demand and pressure on margins in the automotive retailing segment of the premium luxury market. The Group remains committed to its business improvement strategy.

**Eric Chan**

Chairman

27th February 2020

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Condensed Consolidated Statement of Comprehensive Income**  
**for the financial year ended 31st December 2019**

	Note	Unaudited		Variance %	Audited		Variance %
		3 months ended 31.12.2019 RM'000	31.12.2018 RM'000 Restated		12 months ended 31.12.2019 RM'000	31.12.2018 RM'000 Restated	
<b><u>Continuing operations</u></b>							
Revenue	7	280,776	301,695	-6.9	1,143,315	1,513,296	-24.4
Expenses excluding finance cost and tax		(286,708)	(295,849)	-3.1	(1,180,996)	(1,510,291)	-21.8
Other operating income							
- interest income		149	251	-40.6	587	841	-30.2
- others		3,276	1,910	+71.5	11,861	23,360	-49.2
Other losses - impairment loss on right-of-use assets		(27,026)	-	+100.0	(27,026)	-	+100.0
Operating (loss)/profit		<u>(29,533)</u>	<u>8,007</u>	nm	<u>(52,259)</u>	<u>27,206</u>	nm
Finance cost		(4,883)	(3,289)	+48.5	(16,777)	(12,561)	+33.6
<b>(Loss)/Profit before tax</b>		<u>(34,416)</u>	<u>4,718</u>	nm	<u>(69,036)</u>	<u>14,645</u>	nm
Income tax credit/(expense)	13	<u>938</u>	<u>(2,189)</u>	nm	<u>7,376</u>	<u>(5,521)</u>	nm
<b>Net (loss)/profit for the financial period from continuing operations</b>	19	<u>(33,478)</u>	<u>2,529</u>	nm	<u>(61,660)</u>	<u>9,124</u>	nm
<b><u>Discontinued operation</u></b>							
<b>Net profit for the financial period from discontinued operation</b>		<u>11,228</u>	<u>-</u>	+100.0	<u>22,457</u>	<u>11,229</u>	+100.0
<b>Net (loss)/profit and total comprehensive (loss)/income attributable to shareholders of the Company</b>		<u>(22,250)</u>	<u>2,529</u>	nm	<u>(39,203)</u>	<u>20,353</u>	nm
		<b>Sen</b>	<b>Sen</b>		<b>Sen</b>	<b>Sen</b>	
<b>Basic (loss)/profit per share attributable to shareholders of the Company</b>	17	<u>(22.09)</u>	<u>2.51</u>	nm	<u>(38.91)</u>	<u>20.20</u>	nm

nm - not meaningful

The Condensed Consolidated Statement of Comprehensive Income should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 15.

- more -

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Condensed Consolidated Statement of Financial Position**  
**as at 31st December 2019**

	Note	Audited As at 31.12.2019 RM'000	Audited As at 31.12.2018 RM'000 Restated	Audited As at 1.1.2018 RM'000 Restated
<b>Non-current assets</b>				
Intangible assets		9,842	9,842	9,842
Property, plant and equipment		122,627	99,124	87,546
Right of use assets		94,671	122,637	127,598
Equity investment - available for sale		-	-	66,003
Deferred tax assets		22,094	15,058	16,004
		<u>249,234</u>	<u>246,661</u>	<u>306,993</u>
<b>Current assets</b>				
Inventories		360,095	335,910	302,802
Trade and other receivables		96,300	128,794	93,622
Tax recoverable		3,194	6,560	9,775
Cash and cash equivalents		38,125	47,712	32,648
		<u>497,714</u>	<u>518,976</u>	<u>438,847</u>
Asset classified as held for sale - equity investment, fair value through other comprehensive income		-	66,003	-
		<u>497,714</u>	<u>584,979</u>	<u>438,847</u>
<b>Total assets</b>		<u>746,948</u>	<u>831,640</u>	<u>745,840</u>
<b>Non-current liabilities</b>				
Borrowings	15	62,203	62,095	61,960
Lease liabilities		56,376	55,679	58,286
		<u>118,579</u>	<u>117,774</u>	<u>120,246</u>
<b>Current liabilities</b>				
Provision for liabilities and charges		1,980	1,817	2,541
Current tax liabilities		27	32	28
Trade payables and other liabilities		177,030	174,314	140,067
Contract liabilities		19,491	25,277	26,103
Borrowings	15	177,746	221,464	187,000
Lease liabilities		3,012	2,676	1,922
		<u>379,286</u>	<u>425,580</u>	<u>357,661</u>
<b>Total liabilities</b>		<u>497,865</u>	<u>543,354</u>	<u>477,907</u>
<b>Net assets</b>		<u>249,083</u>	<u>288,286</u>	<u>267,933</u>
<b>Equity</b>				
Share capital		124,602	124,602	124,602
Retained profits		124,481	163,684	143,331
<b>Total equity</b>		<u>249,083</u>	<u>288,286</u>	<u>267,933</u>

*The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 15.*

- more -

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Condensed Consolidated Statement of Changes in Equity**  
**for the financial year ended 31st December 2019**

	<b>Audited</b>		
	<b>Share Capital RM'000</b>	<b>Retained Profits RM'000</b>	<b>Total RM'000</b>
<b>At 1st January 2019, as previously reported</b>	<b>124,602</b>	<b>168,705</b>	<b>293,307</b>
Effects of adoption of MFRS 16	-	(5,021)	(5,021)
<b>At 1st January 2019, as restated</b>	<b>124,602</b>	<b>163,684</b>	<b>288,286</b>
Net (loss)/profit and total comprehensive (loss)/profit for the financial year	-	(39,203)	(39,203)
<b>At 31st December 2019</b>	<b>124,602</b>	<b>124,481</b>	<b>249,083</b>
<b>At 1st January 2018, as previously reported</b>	<b>124,602</b>	<b>146,386</b>	<b>270,988</b>
Effects of adoption of MFRS 16	-	(3,055)	(3,055)
<b>At 1st January 2018, as restated</b>	<b>124,602</b>	<b>143,331</b>	<b>267,933</b>
Net profit/(loss) and total comprehensive income/(loss) for the financial year	-	20,353	20,353
<b>At 31st December 2018, restated</b>	<b>124,602</b>	<b>163,684</b>	<b>288,286</b>

*The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 15.*

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Condensed Consolidated Statement of Cash Flows**  
**for the financial year ended 31st December 2019**

	<b>Audited</b>	
	<b>12 months ended</b>	
	<b>31.12.2019</b>	31.12.2018
	<b>RM'000</b>	RM'000
		Restated
<b>Operating activities</b>		
Profit/(Loss) before tax from continuing operations	<b>(69,036)</b>	14,645
Profit before tax from discontinued operation	<b>22,457</b>	11,229
Total (loss)/profit before tax	<b>(46,579)</b>	25,874
<i>Adjustments for:</i>		
Property, plant and equipment:		
- depreciation	<b>9,506</b>	8,168
- gain on disposal	<b>(73)</b>	(2)
- write offs	<b>2,883</b>	24
Impairment loss on right of use assets	<b>27,026</b>	-
Amortisation of right of use assets	<b>5,216</b>	5,406
Modifications of lease terms	<b>-</b>	(157)
Write down/(write back) of inventories, net	<b>8,670</b>	(76)
Reversal of impairment on trade receivables, net	<b>(1,441)</b>	(627)
Interest income	<b>(587)</b>	(841)
Finance cost:		
- interest expense on borrowings	<b>12,280</b>	8,954
- amortisation of transaction cost on borrowings	<b>108</b>	135
- accretion of lease liabilities	<b>4,389</b>	3,472
Provisions	<b>163</b>	(454)
Dividend income from an equity investment - discontinued operation	<b>(22,457)</b>	(11,229)
<b>Operating (loss)/profit before changes in working capital</b>	<b>(896)</b>	38,647
Inventories	<b>(32,855)</b>	(33,032)
Receivables	<b>45,163</b>	(34,545)
Payables	<b>2,552</b>	34,212
Contract liabilities	<b>(5,786)</b>	(826)
<b>Net cash flow (used in)/from operations</b>	<b>8,178</b>	4,456
Interest paid	<b>(16,505)</b>	(12,298)
Interest received	<b>587</b>	841
Service and warranty provision utilised	<b>-</b>	(270)
Income tax refunded/(paid), net	<b>3,701</b>	(1,356)
<b>Net cash flow used in operating activities</b>	<b>(4,039)</b>	(8,627)
<b>Investing activities</b>		
Proceeds from disposal of property, plant and equipment	<b>73</b>	6
Purchase of property, plant and equipment	<b>(35,892)</b>	(19,774)
Purchase of right of use assets	<b>(1,256)</b>	-
Proceeds from disposal of equity investment	<b>66,003</b>	-
Dividend received from an equity investment - discontinued operation	<b>11,229</b>	11,229
<b>Net cash flow from/(used in) investing activities</b>	<b>40,157</b>	(8,539)

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Condensed Consolidated Statement of Cash Flows**  
**for the financial year ended 31st December 2019**

	<b>Audited</b>	
	<b>12 months ended</b>	
	<b>31.12.2019</b>	31.12.2018
	<b>RM'000</b>	RM'000
		Restated
<b>Financing activities</b>		
Drawdown of bankers acceptance	<b>886,800</b>	912,900
Repayment of bankers acceptance	<b>(859,500)</b>	(959,200)
Drawdown of revolving hire-purchase floorplan	-	53,586
Repayment of revolving hire-purchase floorplan	<b>(53,586)</b>	-
Drawdown of finance lease liabilities	<b>52,344</b>	70,358
Repayment of finance lease liabilities	<b>(69,776)</b>	(43,273)
Principal elements of lease payment	<b>(1,987)</b>	(2,141)
<b>Net cash flow (used in)/from financing activities</b>	<b><u>(45,705)</u></b>	<u>32,230</u>
 Net change in cash and cash equivalents during the financial year	 <b>(9,587)</b>	 15,064
 <b>Cash and cash equivalents at</b>		
Beginning of the financial year	<b>47,712</b>	32,648
End of the financial year	<b><u>38,125</u></b>	<u>47,712</u>

*The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Group's audited Financial Statements for the financial year ended 31st December 2018 and the accompanying notes to the condensed consolidated interim financial statements on pages 9 to 15.*



**CYCLE & CARRIAGE BINTANG BERHAD**  
**Notes to the condensed consolidated interim financial statements**  
**for the financial year ended 31st December 2019**

**1 Basis of preparation**

- (a) These audited condensed consolidated interim financial statements have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134, *Interim Financial Reporting*, International Accounting Standard 34, *Interim Financial Reporting* and all the applicable disclosure provisions of the Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). They do not include all the information required for full annual financial statements and should be read in conjunction with the Group's financial statements for the financial year ended 31st December 2018.

The accounting policies and presentation adopted for the interim financial statements are consistent with those adopted for the annual financial statements for the financial year ended 31st December 2018 except for the adoption of the following MFRSs, IC interpretation and Amendments to MFRSs:

	<b>Effective Date</b>
Amendments to MFRS 9 Financial Instruments - Prepayment features With Negative Compensation	1 January 2019
Annual Improvements to MFRS 2015 - 2017 Cycle	1 January 2019
Amendments to MFRS 128 Investments in Associates and Joint Ventures - Long-term interests in Associates and Joint Ventures	1 January 2019
MFRS 16 Leases	1 January 2019
IC Interpretation 23 – Uncertainty Over Income Tax Treatments	1 January 2019

The adoption of the above MFRSs, IC Interpretation and Amendments to MFRSs does not have any material financial impact on the financial statements of the Group, other than those highlighted in section (b) below.

New MFRSs, IC Interpretation and Amendments to MFRSs that are applicable to the Group but not yet effective for the Group's current quarter report are:

	<b>Effective Date</b>
Amendments to MFRS 10 and MFRS 128 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
The Conceptual Framework for Financial Reporting (Revised 2018)	1 January 2020
Amendments to MFRS 3 Business Combinations - Definition of A Business	1 January 2020
Amendments to MFRS 101 Presentation of Financial Statements and MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material	1 January 2020
Amendments to MFRS 9 and MFRS 7 - Interest Rate Benchmark Reform	1 January 2020

The adoption of the above MFRSs, IC Interpretation and Amendments to MFRSs when they become effective are not expected to have any material impact on the financial statements of the Group.

- (b) Under MFRS 16, a lease is a contract (or part of a contract) that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

MFRS 16 eliminates the classification of leases by the lessee as either finance leases (on statement of financial position) or operating lease (off statement of financial position).

The new requirements in MFRS 16 require a lessee to recognise a "right-of-use" of the underlying asset and a lease liability reflecting future lease payments for most leases. The right-of-use asset is amortised in accordance with the principle in MFRS 116 and the lease liability is accreted over time with finance cost recognised in profit or loss.

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Notes to the condensed consolidated interim financial statements**  
**for the financial year ended 31st December 2019**

**1 Basis of preparation (continued)**

MFRS 16 came into effect for the financial year on 1st January 2019. The Group adopted the full retrospective approach and the comparative information is restated for the year prior to first adoption.

The financial effects arising from the adoption of MFRS 16 are as follows:

	As previously reported RM'000	Adjustments RM'000	As restated RM'000
Condensed consolidated statement of comprehensive income:			
<u>12 months ended 31st December 2018</u>			
Expenses excluding finance cost and tax	(1,511,410)	1,119	(1,510,291)
Finance cost	(9,089)	(3,472)	(12,561)
Income tax expense	(5,908)	387	(5,521)
Net profit from continuing operations	11,090	(1,966)	9,124
Net profit and total comprehensive profit attributable to shareholders of the Company	22,319	(1,966)	20,353
Condensed consolidated statement of financial position:			
<u>As at 31st December 2018</u>			
Property, plant and equipment	168,561	(69,437)	99,124
Right of use assets - non current	-	122,637	122,637
Trade and other receivables	128,546	248	128,794
Lease liabilities - non current	-	55,679	55,679
Lease liabilities- current	-	2,676	2,676
Provision for liabilities and charges	39	1,778	1,817
Deferred tax assets	13,394	1,664	15,058
Retained profits	168,705	(5,021)	163,684
<u>As at 1st January 2018</u>			
Property, plant and equipment	158,584	(71,038)	87,546
Right of use assets - non current	-	127,598	127,598
Trade and other receivables	92,634	988	93,622
Lease liabilities - non current	-	58,286	58,286
Lease liabilities- current	-	1,922	1,922
Provision for liabilities and charges	869	1,672	2,541
Deferred tax assets	14,727	1,277	16,004
Retained profits	146,386	(3,055)	143,331
Condensed consolidated statement of cash flows:			
<u>12 months ended 31st December 2018</u>			
Profit before tax	28,227	(2,353)	25,874
Depreciation of property, plant and equipment	9,769	(1,601)	8,168
Amortisation of right of use assets	-	5,406	5,406
Modification of lease terms	-	(157)	(157)
Provision	(560)	106	(454)
Receivables	(35,285)	740	(34,545)
Accretion of lease liabilities	-	3,472	3,472
Interest paid	(8,826)	(3,472)	(12,298)
Repayment of finance lease	-	(2,141)	(2,141)

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**CYCLE & CARRIAGE BINTANG BERHAD**  
**Notes to the condensed consolidated interim financial statements**  
**for the financial year ended 31st December 2019**

**2 Seasonal or Cyclical Factors**

There were no major seasonal or cyclical factors affecting the automotive industry.

**3 Individually Significant Item**

The Group recognised dividend income of RM22.5 million in respect of the investment in Mercedes-Benz Malaysia Sdn. Bhd. ("MBM") and impairment loss on right-of-use assets of RM27.0 million as disclosed in Note 7 and Note 19 respectively for the financial year ended 31st December 2019.

**4 Changes in Estimates**

There were no changes in estimates of amounts reported in prior financial years that have a material effect on the results for the financial year ended 31st December 2019.

**5 Debts and Equity Securities**

There were no issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the financial year ended 31st December 2019.

**6 Dividends**

The Board of Directors does not recommend any dividend for the financial year ended 31st December 2019.

**7 Segment Reporting**

The activities of the Group are conducted within Malaysia in the following segments:

	<b>Continuing operations Automotive industry RM'000</b>	<b>Discontinued operation Investment RM'000</b>	<b>Group RM'000</b>
<b>3 months ended 31st December 2019</b>			
Revenue	280,776	-	280,776
(Loss)/Profit before tax	(34,416)	11,228	(23,188)
(Loss)/Profit after tax	(33,478)	11,228	(22,250)
<b>3 months ended 31st December 2018</b>			
Revenue	301,695	-	301,695
Profit before tax	4,718	-	4,718
Profit after tax	2,529	-	2,529
<b>12 months ended 31st December 2019</b>			
Revenue	1,143,315	-	1,143,315
(Loss)/Profit before tax	(69,036)	22,457	(46,579)
(Loss)/Profit after tax	(61,660)	22,457	(39,203)
<b>12 months ended 31st December 2018</b>			
Revenue	1,513,296	-	1,513,296
Profit before tax	14,645	11,229	25,874
Profit after tax	9,124	11,229	20,353

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Notes to the condensed consolidated interim financial statements**  
**for the financial year ended 31st December 2019**

**7 Segment Reporting (Continued)**

Breakdown of the Group's timing of revenue recognition is as follows:

	3 months ended		12 months ended	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
	RM'000	RM'000	RM'000	RM'000
Sale of motor vehicles and spare parts - point in time	262,423	285,226	1,072,683	1,452,377
Servicing of motor vehicles - over time	18,353	16,469	70,632	60,919
	<b>280,776</b>	<b>301,695</b>	<b>1,143,315</b>	<b>1,513,296</b>

**8 Changes in the Composition of the Group**

There were no changes in the composition of the Group for the financial year ended 31st December 2019.

**9 Significant Related Party Transactions**

The significant related party transactions described below were carried out on terms and conditions agreed with the related parties.

	12 months ended	
	31.12.2019	31.12.2018
	RM'000	RM'000
With substantial shareholders and parties related to substantial shareholders:		
Receipt of insurance premium support from Jardine Cycle & Carriage Limited	(645)	(554)
Purchase of computer software/peripherals, copier charges and provision of information technology support services from JOS Malaysia Sdn. Bhd.	2,180	939
Provision of management services by Jardine Cycle & Carriage Limited	425	975
Purchase of insurance through insurance broker, Jardine Lloyd Thompson Sdn. Bhd.	1,361	3,122
Provision of management services by Cycle & Carriage Industries Pte. Limited	-	836
Provision of internal audit services and Executive Development Programme by Jardine Matheson & Co., Ltd	309	416
Sale and servicing of vehicle to a director of the Company	-	(264)
Sale and servicing of vehicle to a director of Jardine Cycle & Carriage Limited	-	(371)
Sale and servicing of vehicle to a person connected to a director of Jardine Cycle & Carriage Limited	(234)	-
With principal officer:		
Sale and servicing of vehicle to Chief Executive Officer	-	(340)

**10 Capital Commitments**

Capital expenditure of the Group not provided for as at 31st December 2019 in relation to property, plant and equipment were as follows:

	RM'000
Approved and contracted	51,243
Approved but not contracted	3,215
	<b>54,458</b>

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Notes to the condensed consolidated interim financial statements**  
**for the financial year ended 31st December 2019**

**11 Material Change in Current Quarter Results Compared to Preceding Quarter Results**

	<b>Current Quarter 31.12.2019 RM'000</b>	Preceding Quarter 30.9.2019 RM'000	Variance RM'000
<b><u>Continuing operations</u></b>			
Revenue	<u>280,776</u>	258,870	21,906
Operating loss	<u>(29,533)</u>	(11,286)	(18,247)
<b>Loss before tax</b>	<b><u>(34,416)</u></b>	<b>(15,013)</b>	<b>(19,403)</b>

The Group recorded a loss before tax of RM34.4 million in the fourth quarter as compared to RM15.0 million in the preceding quarter mainly due to impairment loss recognised on Sungai Besi land amounted to RM27.0 million offset by lower operating expenses.

**12 Variance of Actual Profit from Forecast Profit**

The Company did not publish any profit forecast.

**13 Taxation**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	31.12.2018	<b>31.12.2019</b>	31.12.2018
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
		Restated		Restated
Income tax credit/(expense)	<u>938</u>	(2,189)	<u>7,376</u>	(5,521)

The average effective tax rate differs from the statutory income tax rate of Malaysia as follows:

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	31.12.2018	<b>31.12.2019</b>	31.12.2018
	%	%	%	%
Statutory income tax rate in Malaysia	<b>(24)</b>	24	<b>(24)</b>	24
Expenses not deductible for tax purposes	<b>32</b>	23	<b>22</b>	10
Income not subject to tax	<b>(12)</b>	0	<b>(12)</b>	(11)
Prior year over provision	<b>0</b>	(1)	<b>(2)</b>	(2)
<b>Average effective tax rate</b>	<b><u>(4)</u></b>	<b>46</b>	<b><u>(16)</u></b>	<b>21</b>

**CYCLE & CARRIAGE BINTANG BERHAD**  
**Notes to the condensed consolidated interim financial statements**  
**for the financial year ended 31st December 2019**

**14 Status of Corporate Proposals**

The Company had on 11 November 2019 received an offer letter from its major shareholder, Jardine Cycle & Carriage Limited ("JCCL"), requesting for the Company to undertake a selective capital reduction and repayment exercise pursuant to Section 116 of the Companies Act 2016 ("Proposed SCR"). The Proposed SCR entails a capital reduction and repayment of proposed cash amount of RM2.20 per ordinary share in the Company held by all the shareholders of the Company (other than JCCL), whose names appear in the Record of Depositors of the Company as at the close of business on an entitlement date to be determined and announced later by the Board. The Proposed SCR will result in JCCL holding the entire equity interest of the Company upon completion. JCCL does not intend to maintain the listing status of the Company on the Main Market of Bursa Securities. At the extraordinary general meeting of the Company held on 11 February 2020, the resolution in respect of the Proposed SCR was not approved.

In respect of the call option exercised by Daimler AG, the proceeds received from the disposal of the investment in MBM of RM66.0 million was utilised for repayment of bank borrowings as of the date of issue of this quarterly report.

On 27 February 2020, the Company had entered into a conditional sale and purchase agreement ("SPA") with The Malayan Press (PG) Sdn Bhd to acquire 3 pieces of freehold vacant lands held under Geran 10567 Lot 253 Seksyen 9W, Geran 10568 Lot 254 Seksyen 9W and Geran 10569 Lot 255 Seksyen 9W, all in Bandar George Town, Daerah Timor Laut, Negeri Pulau Pinang with an approximate area of 35,420.84 square feet (equivalent to 3,290.70 square metres) in total, for a total cash consideration of RM24.2 million subject to the terms and conditions stipulated in the SPA. The salient terms and conditions of the SPA is announced in the Company's announcement on the proposed acquisition dated 27 February 2020.

**15 Group Borrowings**

	<b>At 31st December 2019</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>borrowings</b>
			<b>RM'000</b>
Unsecured			
- Bankers' acceptance	-	168,000	168,000
- Term loans	62,203	-	62,203
	<u>62,203</u>	<u>168,000</u>	<u>230,203</u>
Secured			
- Finance lease liabilities	-	9,746	9,746
	<u>62,203</u>	<u>177,746</u>	<u>239,949</u>
	<b>At 31st December 2018</b>		
	<b>Long term</b>	<b>Short term</b>	<b>Total</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>borrowings</b>
			<b>RM'000</b>
Unsecured			
- Bankers' acceptance	-	140,700	140,700
- Term loans	62,095	-	62,095
	<u>62,095</u>	<u>140,700</u>	<u>202,795</u>
Secured			
- Revolving hire-purchase floorplan	-	53,586	53,586
- Finance lease liabilities	-	27,178	27,178
	<u>-</u>	<u>80,764</u>	<u>80,764</u>
	<u>62,095</u>	<u>221,464</u>	<u>283,559</u>

**16 Changes in Material Litigation**

There was no material litigation since the date of the last annual report up to the date of issue of this quarterly report.

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**CYCLE & CARRIAGE BINTANG BERHAD**  
**Notes to the condensed consolidated interim financial statements**  
**for the financial year ended 31st December 2019**

**17 (Loss)/Profit per Share**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>	31.12.2018	<b>31.12.2019</b>	31.12.2018
(Loss)/Profit attributable to shareholders of the Company (RM'000)	<b>(22,250)</b>	2,529	<b>(39,203)</b>	20,353
Weighted average number of ordinary shares in issue ('000)	<b>100,745</b>	100,745	<b>100,745</b>	100,745
Basic (loss)/profit per share (sen)	<b>(22.09)</b>	2.51	<b>(38.91)</b>	20.20

No diluted EPS is computed for the Group as there are no dilutive potential ordinary shares in issue.

**18 Qualification of Audit Report**

The Group's financial statements for the preceding year ended 31st December 2018 were not subject to any qualification by the auditors.

**19 Notes to the Statement of Comprehensive Income**

	<b>3 months ended</b>		<b>12 months ended</b>	
	<b>31.12.2019</b>		<b>31.12.2019</b>	
	<b>RM'000</b>		<b>RM'000</b>	
<b>Operating (loss)/profit for the financial period/year is arrived at after charging:</b>				
Depreciation of property, plant and equipment	<b>2,249</b>		<b>9,506</b>	
Amortisation of right of use assets	<b>(247)</b>		<b>5,216</b>	
Write down of inventories, net	<b>8,064</b>		<b>8,670</b>	
Reversal of impairment loss on trade receivables, net	<b>(1,713)</b>		<b>(1,441)</b>	
Impairment loss on right of use assets	<b>27,026</b>		<b>27,026</b>	
Write off of property, plant and equipment	<b>2,803</b>		<b>2,883</b>	

Other than the above and disclosed in the Condensed Consolidated Statement of Comprehensive Income, there were no gain or loss on disposal of quoted or unquoted investments or properties, gain and loss on derivatives for the financial year ended 31st December 2019.

**20 Events after the reporting period**

As disclosed in Note 14, the resolution in respect of the Proposed SCR was not approved at the extraordinary general meeting held on 11 February 2020, the Proposed SCR will not be implemented.

As disclosed in Note 14, the Company had entered into a SPA with PG to acquire 3 pieces of freehold vacant lands for a total cash consideration of RM24.2 million subject to the terms and conditions stipulated in the SPA. The salient terms and conditions of the SPA is announced in the Company's announcement on the proposed acquisition dated 27 February 2020.

**-end-**

For further information, please contact Corporate Affairs at [corporate.affairs@cyclecarriage.com.my](mailto:corporate.affairs@cyclecarriage.com.my)

Full text of the Quarterly Announcement for the financial year ended 31st December 2019 can be accessed through the internet at [www.bursamalaysia.com](http://www.bursamalaysia.com).